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Seized illegal Sandy charity money still in limbo

Report: Sparta couple who started the charity spent summer in Costa Rica

Dec. 15, 2013

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John Sandberg and Christina Terraccino, the former operators of the Hurricane Sandy Relief Foundation, have been residing in a gated community on Costa Rica's Gold Coast.



Written by
Shannon Mullen |
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Dissolving the embattled Hurricane Sandy Relief Foundation has proven more difficult than anticipated.

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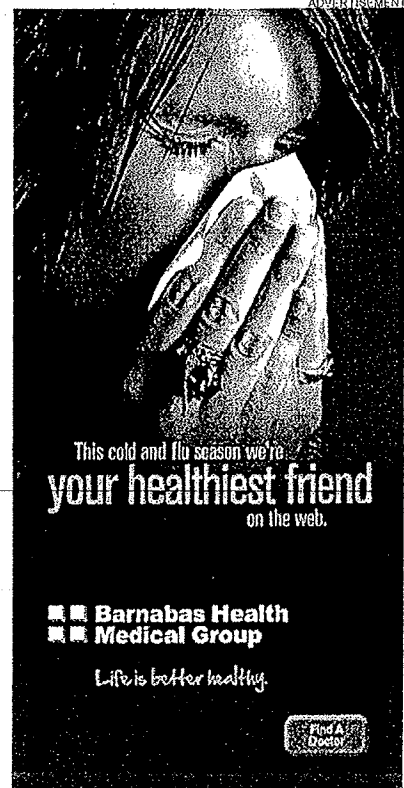
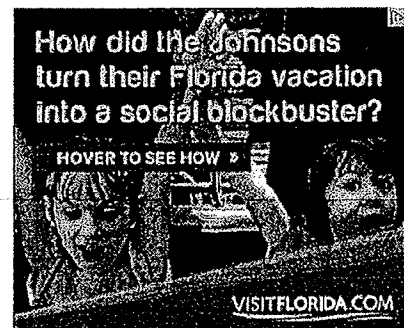
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Six months after its operators and the acting state Attorney General agreed to a plan to shutter the organization and have a court-appointed administrator redistribute its assets to other Sandy relief groups, hundreds of thousands of dollars in donations meant to help victims of the storm remain in legal limbo.

To date, no funds have been released.

Meanwhile, this summer, the Sparta couple who started the charity, John Sandberg and Christina Terraccino, were living in a gated community on Costa Rica's Gold Coast, where Sandberg was working on a new



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Why the Salvation Army is still holding most of the \$30 million Sandy relief money it has collected.

\$630,000

Estimated total donations to the Hurricane Sandy Relief Foundation

\$1,650

Total aid distributed to Sandy victims (not including supplies)

\$250,000

Estimated amount refunded to donors by PayPal

\$334,000

Estimated amount available to be distributed to other charities (as of June 27)

Internet venture. They no longer have access to the charity's funds.

The settlement set a deadline of Nov. 27 for the disposition of the HSRF's assets. Nancy E. Kelly, the certified public accountant in charge of the charity's funds, now says it may take until sometime in January to complete the process.

The holdup, Kelly said, stems from the difficulties she has had dealing with PayPal, the online payment processing service that handled the bulk of the charity's donations.

Thanks largely to the high visibility of its website, the charity was able to raise more than \$630,000 within just a few months of the Oct. 29, 2012 storm. However, an Asbury Park Press investigation published in February uncovered a host of red flags that raised questions about the charity's legitimacy.

The group falsely claimed to be a tax-exempt 501(c)(3) organization and hadn't registered with the state's Charities Bureau to operate in New Jersey, the Press found. The organization also had co-opted the name of a legally registered charity led by first lady Mary Pat Christie, the Hurricane Sandy Relief Fund, and identified CSX and Hanes as corporate sponsors, which those companies told the Press wasn't true.

On Feb. 21, the Attorney General filed a civil lawsuit against the charity and its operators, alleging numerous violations of the state's charities code.

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(Page 2 of 3)

The state's own investigation, begun a few months earlier, determined that the charity had distributed just \$1,650 in gift cards to actual victims. Sandberg and Terracino insisted that they had acted in good faith and simply weren't fully prepared to manage the flood of donations they received. They also alleged that they were being unfairly singled out at the behest of the first lady's charity, a charge the state flatly denied.

Soon after the state's complaint was filed, PayPal, whose U.S. headquarters is in San Jose, Calif., acted on its own to give refunds to donors who requested their money back. In effect, that made PayPal a creditor of the charity.

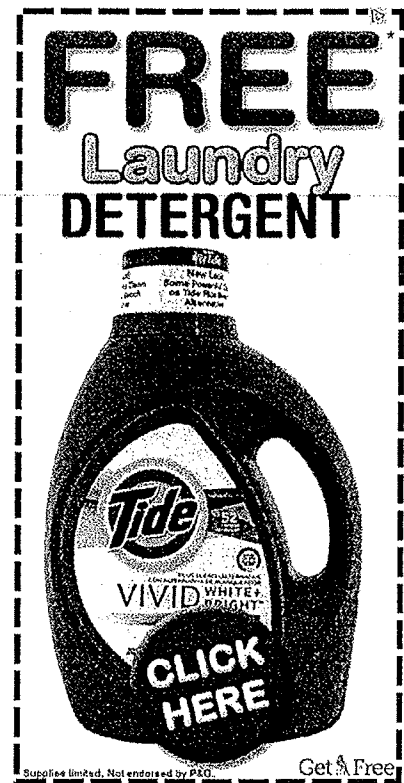
Kelly explained that until she could establish the exact amount that PayPal was owed, she couldn't redistribute the charity's remaining assets to other nonprofit groups. But getting that information proved far more difficult than she imagined. It took repeated attempts over a period of several months to get PayPal's attention, she said.

"I don't want to cast aspersions, but it wasn't simple," Kelly said.

It wasn't until Dec. 4 that a PayPal executive finally met with her in New York City to try to resolve the matter, Kelly said. Though she hasn't finished verifying PayPal's data, Kelly said it appears that the company gave back between \$250,000 and \$275,000 to approximately 2,000 donors.

PayPal issued the following statement: "All we can say is that we are working with the court to ensure relief is given to victims, but we are unable to comment on specifics around these accounts."

The settlement reached in June states that approximately \$334,000 would be available to redistribute to other charities. Kelly would not say if that figure is still accurate, though she said the final amount will be in the hundreds of thousands.

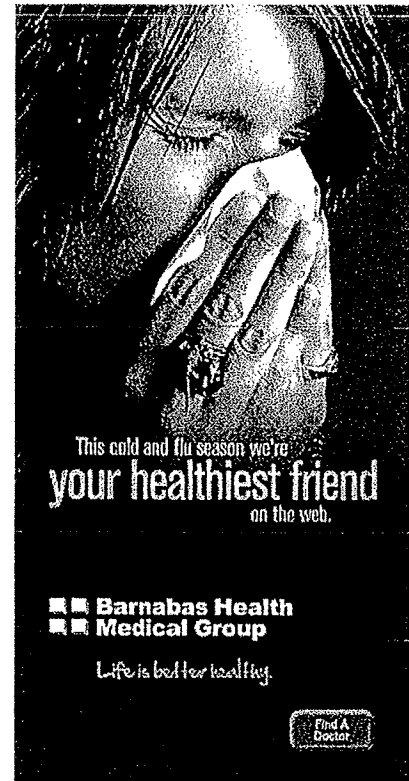


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She said she has solicited aid requests from groups that were recommended to her by experts in the nonprofit community, but has not yet reviewed those proposals.

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(Page 3 of 3)

Since the settlement, Sandberg and Terraccino have not had any access to the charity's funds, though Kelly said they have been "very cooperative" answering her questions.

Kelly's accounting firm is entitled to receive up to \$25,000 in compensation for its work, according to the settlement.

A change of scenery

Sandberg and Terraccino could have faced civil penalties of up to \$20,000 for each donation they solicited while their charity was unregistered.

Instead, the settlement allowed them to walk away, without any fines or admission of wrongdoing, on the condition that they not involve themselves in any other Sandy aid groups or unregistered charities.

Just days after the settlement was finalized, Sandberg, using the name John Russell, signed a one-year lease beginning July 1 on a three-bedroom vacation home with a swimming pool in Costa Rica, according to a lease agreement and emails provided to the Press by the owners of the property, James and Dianne Callahan.

The couple didn't stay long. The Callahans, of Newbury, Mass., say Sandberg and Terraccino left the house in August without paying more than \$3,000 in rent and outstanding cable fees, and moved into a nearby home in the same community.

Sandberg, in an email to the Press, said the home was in unacceptably poor condition.

"The vacation home you speak of was misrepresented and still under construction upon my arrival in Costa Rica," Sandberg stated. "Mrs. Callahan lost the initial check and the home flooded, forcing us out of the house shortly after. Mr. Callahan was not happy that we were forced to leave and was asking for an

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unrealistic and disagreeable amount of money for a home that was unlivable."

Callahan declined to respond to Sandberg's comments.

Sandberg, a former real estate salesman, is now chief executive officer of an Internet marketing consulting firm called Bluespider SEO, tapping the skills that helped vault the HSRF to the top ranking in Google searches for "Sandy relief," ahead of the American Red Cross, the Salvation Army and the first lady's charity. SEO stands for "search engine optimization," and programming of the SEO is key to helping a web page stand out on the Internet.

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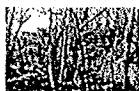


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